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PANDORA

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What is PANDORA ?

- From a single store to the world's largest affordable jeweler... !
- Established 1982 in Copenhagen importing jewelry from Thailand.
- In 1989, hires designers to manufacture its own line in Thailand.
- Targets the mass market with hand-finished, affordable jewelry.
- In 2008 develops its charm bracelet concept. Expands abroad.
- In 2010 private equity group Axcel lists its 60% stake.
- Goes global but with a too financially obsessed management.
- In 2019 a new management corrects the course of a drifting ship.
- Sales of DKK 26 Bn 22(e). 102 mn pieces sold in over 100 countries
- DKK 6,7 bn Market Cap. 100% free float. 26 000 employees.

SWOT Analysis

PANDORA: SWOT ANALYSIS

Strengths	Weaknesses
<p>World leader in affordable jewelry</p> <p>Management team</p> <p>Low production costs</p> <p>High profitability</p> <p>Brand</p>	<p>High dependency on charms' success (51% of sales)</p> <p>All production in Thailand</p> <p>High intangibles (101% of equity funds)</p> <p>85% of sales in developed markets</p> <p>All borrowings at floating rates</p>
Opportunities	Threats
<p>Emerging markets</p> <p>Online sales (26% in 2021)</p> <p>Partnerships content owners (Disney, Vivendi)</p> <p>Lab-grown diamonds</p> <p>Men and kids jewelry</p>	<p>Fashion dependent</p> <p>Chief creative officer dependency (S. Fairchild)</p> <p>Production and supply chain disruptions</p> <p>Increase in raw material prices (silver, gold)</p> <p>Copcats</p>

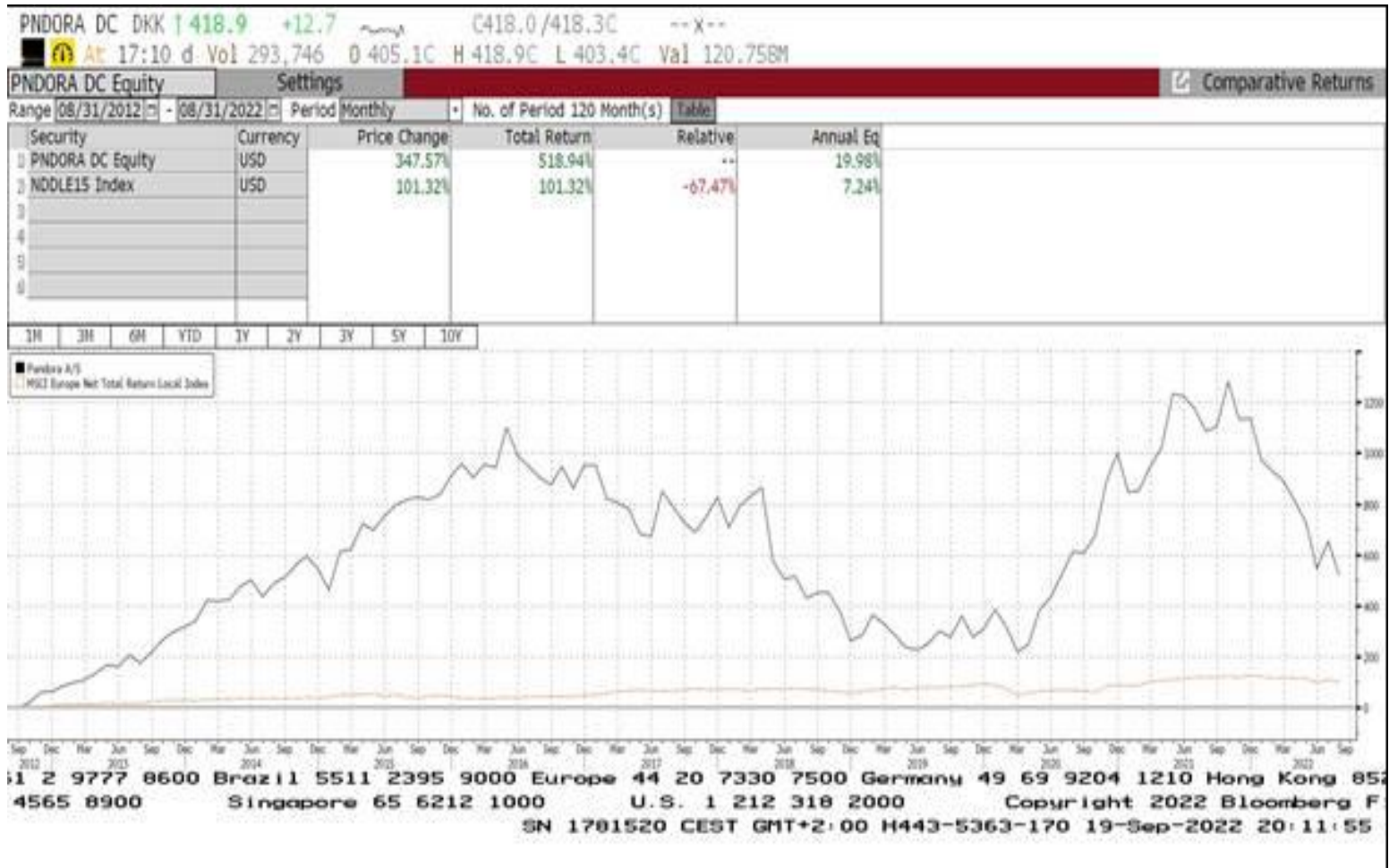
Summary Forecasts

Bn DKK	2020	2021	2022e	2023e	2024e	Score	/10
Sales	19,0	23,4	25,9	25,9	27,5	Sector	6,6
EBITDA	4,2	6,8	7,6	7,7	8,5	Company	8,1
EBITA margin (%)	16,1	25,3	25,5	24,9	26,3	Management	7,8
Net income	2,4	4,3	4,9	4,8	5,4	Financial Analysis	7,7
EPS (DKK)	24,8	44,0	52,9	51,9	58,8	Risk Analysis	6,9
ROE (%)	38,0	60,4	51,7	33,4	27,9	Total	37,0
ROCE <u>before tax</u> (%)	21,0	47,7	49,1	39,5	41,2	Recommendation	
Net gearing (%)	45	45	23	-5	-22	Up to 4%	
Net debt/EBITDA (x)	0,8	0,5	0,4	-0,1	-0,6		

Investment Case

- World # 1 in affordable jewelry.
- Strong brand, solid and well diversified growth.
- Very good management, pragmatic and visionary.
- Financially minded but less than the previous ones.
- In full recovery from the Covid crisis (stores open).
- (EV/EBITDA 2022(e): 4,5x restated). Very little debt.
- Outstanding FCF yield of 15% and ROCE of 49%.

Relative Performance over 10 years



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